



## Responsible Sourcing

### Labor Agency Management

Protecting the rights of employees and ensuring fair pay and benefits is a top priority for Jabil, particularly in Asia where sites must rely on labor agencies to provide a flexible workforce for fast-changing needs. Through Jabil's labor agency management program, we are aggressively working to change labor agency practices in our industry and protect workers from illegal treatment.

Jabil's dynamic manufacturing production demands can sometimes mean Jabil sites may need up to an additional 30,000 or more workers in as little as 30 days. To meet this need, Jabil must rely on Tier 1 labor agencies that employ workers who are contracted to work within Jabil facilities. However, Jabil faces significant challenges with the existing labor agency model. The challenge begins when the Tier 1 agencies with which Jabil contracts sub-contract several tiers into the supply chain. This creates a lack of transparency and has, in the past, led to inaccurate payments to workers by their employing agencies and a myriad of other rights issues.

Awareness of labor agency issues is extremely high across Jabil, and our actions are making a positive difference for agency employees working in our factories. In Fiscal 2017, we implemented tighter controls in our supplier screening process to block or eliminate vendors that do not show continuous improvement to meet our rigorous standards for compliance or that do not demonstrate the ability to meet our recruitment needs. Our labor agency audit program also monitors a vendor list to track, audit and narrow the agencies that we work with.

**Moving forward, we are working to:**

- Reduce the number of labor agencies we work with,
- Limit recruitment fees,
- Expand the geographic coverage of labor agencies to more distant provinces and
- Improve predictive forecasting to better meet production demands.

In Fiscal 2017, we audited 83 labor agencies and identified at least one area for improvement at each one, resulting in 83 corrective action plans (which encompass multiple issues or areas of improvement). We also disqualified 48 labor agencies from our partnership process for reasons identified during the risk assessment phase or audits, such as improper licensing. As we make our position and expectations increasingly clear by terminating agency relationships when necessary—even when we are facing labor shortages in countries like China—we raise the bar for the remaining labor agency partners that we do continue to work with.

Our supplier partnership decisions reflect our firm support for human and labor rights as governed through the **Jabil Code**, the **RBA Code of Conduct** and the **United Nations Guiding Principles on Business and Human Rights**.

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